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ABSTRACT

This paper discusses a study that assessed the attitudes of MBA (Masters of Business Administration) students across two cultures, Germany and the United States, toward entrepreneurship. Specifically, the paper examines the motives for and the reservations about going into business for oneself in these countries. It is hypothesized that attitudes toward entrepreneurship vary across boundaries. Results are provided from a survey of 114 current MBA students enrolled in a German university and 84 MBA students from 2 southeastern U.S. universities. The study's results show that the a majority of German students would not consider going into business for themselves, while over 57 percent of the U.S. students indicated that going into business for themselves was at least a possibility. Some of the findings are as follows: (1) German students saw a future in the computer field while U.S. students looked at merchandising and exporting; (2) German students expressed a low interest in manufacturing; (3) lack of start-up capital was the primary fear of both U.S. and German students for going into business for themselves; and (4) both groups of students gave the ability to realize their own ideas, freedom of action and decision making, and economic independence as important motives for self-employment. Contains a 19-item bibliography. (GLR)

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ATTITUDES OF MBA STUDENTS TOWARD ENTREPRENEURSHIP: A CROSS-CULTURAL STUDY

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ATTITUDES OF MBA STUDENTS TOWARD ENTREPRENEURSHIP: A CROSS-CULTURAL STUDY

Introduction

This is the age of the entrepreneur. Never have so many people pursued the Great American Dream of owning their own businesses. (Scarborough and Zimmerer 1988). But is the Great American Dream applicable to people living in other cultures? Is there a Great German Dream? A Great French Dream? A Great Austrian Dream?

In the United States

Small business is a very important segment of the economy of the United States. According to Gitman and McDaniel (1992), some 98 percent of the firms in the United States have fewer than 100 employees. Ninety percent of new jobs in the private sector are in small businesses (Brookes 1987), while an estimated seventy-five percent of the 2.6 million jobs in 1987 were created by small business (Thompson and Szabo 1988). Perhaps surprisingly, nine of the 10 fastest growing industries are in manufacturing (Birch 1988). Entrepreneurship and small business formation, then, are an important, vital part of the economy of the United States.

In Germany

In the January, 1990 issue of World Monitor, futurists Alvin and Heidi Toffler described some possible developments in Germany which could alter the politics (and economics) of Europe and the world.

Their scenerio proposed a Germany with greatly expanded influence over Europe, and their contention was that economics, not politics, would be the deciding factor in the shaping of the future Germany and all of Europe. Germany has already begun to address the issue of integrating the former East German economy into its own, and the costs of this integration are exceeding even the most pessimistic estimates (Goddard, Guy and Froehlich 1991). Unemployment has risen, and strikes and other labor disputes are a fact of daily life in the economies of the New States of Germany (formerly East Germany). One writer estimates that only about one-third of companies in the New States are expected to be profitable at market-determined costs and prices, and no more than half can hope to survive, even with heavy subsidies (Silk 1990b).

Germany has set up a US$60 billion German Unification Fund to cover government expenses and public works over the next four and a half years, and has announced that it will also sponsor a US$70 billion fund to finance joint ventures and other enterprises in the New States (Silk 1990a). When asked "How long will it take to bring former East Germans up to West German standards?", by a Europe interviewer, Norbert Walter, Chief Economist of the Deutsche Bank Group, stated, "In terms of income, I think it will be about five years before they consider themselves on an equal level." (December 1990). While that might be considered to be a rather optimistic assessment, it does indicate the determination of the governmental and private sectors to integrate the economies as quickly as possible.

The German approach to this integration seems to be a mixture of the free enterprise system and a planned or managed approach to industrial policy. Central to this approach is the formation of new enterprises based on the development of innovation in products, processes and services. Drawing on the US example of new business formation leading to new products, processes and services, public policy in Germany is becoming more favorably disposed to entrepreneurship (Weihe and Reich 1991).

Entrepreneurs, then, are needed in both the United States and in Germany to stimulate the economies of the two countries. And with the advent of highly technical products and processes, highly knowledgeable individuals will be required. It would seem logical that colleges and universities could not only provide the technical and business training for these individuals, but could also provide training in entrepreneurship. In fact, Scott (1988) noted that one source of high potential entrepreneurs is higher education. However, very few graduates of higher education end up starting their own enterprises, for a number of reasons. Capital requirements for a new business may be beyond the means of the recent graduate. According to one source, more than 85 percent of business failures in the United States are due to economic or financial factors (Dun & Bradstreet 1991).

Experience is very valuable for the potential entrepreneur. Experience has two meanings; experience in the field the enterpreneur wants to enter, and the managerial experience required to start and operate a functional organization (Scarborough and Zimmerer 1988). According to a survey conducted

by Dun & Bradstreet, successful small business owners need "balanced experience" in purchasing, production and products, attracting customers, and handling finances (Dun & Bradstreet 1977).

What Makes an Entrepreneur?

In an excellent essay, Mitton (1989) reviewed what he called "The entrepreneurship theory jungle." In the article he described some general patterns of entrepreneurial conduct, including;

1. They see a big picture
2. They spot unique opportunities
3. They make a total commitment to their cause
4. They see a need for total control
5. They have a utilitatian view of what's right
6. They welcome uncertainty
7. They use contacts and connections
8. They embrace competence
9. They possess a special know-how.

Entrepreneurship Education

Can these attributes be taught? Many academics seem to think that they can. "To forge ahead with entrepreneurship education seems imperative for the health and well-being of our nation and the rest of the world." (Ronstadt 1988). Ronstadt questions whether the political realities of many college campuses will allow the evolution of entrepreneurship education beyond the one or two courses typically offered as electives. Vesper and McMullan (1988) note that entrepreneurship education in universities has grown from about a half dozen U.S. universities in 1967 to over 300, while a few dozen programs in other countries now exist. They go on to describe how a typical

master's degree in entrepreneurship would differ from the traditional MBA degree, and identify the desired outcomes in knowledge and skills possessed by the holder of such a degree. Until such programs are more widely available, however, graduates of the more traditional MBA programs who are interested in entrepreneurship will form the core group of those interested in new business formation.

Importance of This Study

The purpose of this preliminary study is to assess the attitudes of MBA students across two cultures - Germany and the United States - toward entrepreneurship. Specifically, the study will attempt to assess the motives for and the reservations about going into business for oneself in these countries. This study is important in that it is a first attempt to directly compare attitudes toward entrepreneurship across cultures.

Assumptions that are made based on our own culture may not be generalizable to situations in other cultures. This study attempts to actually assess the similarities and differences in attitudes toward entrepreneurship, rather than to speculate about those similarities and differences.

Hypotheses

It is hypothesized that attitudes toward enterpreneurship will vary across national boundaries. The null hypothesis is that there are no differences in the attitudes of MBA students toward entrepreneurship in Germany and in the United States.

Method

Sample

For this portion of the study, the sample was composed of 114 current MBA students enrolled in a German university and 84 MBA students from two southeastern United States universities. The demographic characteristics of the sample are found in Table 1.

	German Students	U.S. Students
Average age*	23.5	28.4
Marital Status*		
Single	95.6%	36.1%
Married	4.4%	59.0%
Divorced	--	3.6%
Widowed	--	1.2%
Work Experience:*		
less than one year	51.8%	21.4%
1 to 2 years	17.3%	14.3%
2 to 4 years	20.0%	17.9%
4 to 6 years	5.5%	13.1%
more than 6 years	4.5%	33.3%

* Differences significant at the .05 level

Table 1

Demographic Characteristics of the Sample

Instrument

The survey instrument used in the study was developed from a model of career aspirations developed by Scott and Twomey (1988). The basic components of the model include:

1. Basic influences - parents, social class, education, religion
2. Personal experience - hobbies, work experience, involvement with parents, gender
3. Personal view of respondent - relevant personal characteristics, attributes and attitudes, including the personality characteristics of locus of control/comfort seeking/security minded/risk taking
4. View of the external environment - career options available, views on small & large business, the entreprise culture, entrepreneurship
5. Immediate influences - parental pressure, educational and career guidance, marketing from large company recruitment, the fashions and views of friends

The instrument was pilot tested and revised by Weihe and Reich (1990).

Administration

Administration of the instrument was done during regular class hours, and students were fully informed in writing as to the purpose of the study. Administration times averaged approximately 30 minutes per session. Students were not asked to provide any identifying information and no compensation was offered for participation. The data was coded from the survey instruments and entered into the computer.

Analyses

The data sets from Germany and the U.S. were combined and analyzed using SPSS-X (1988). When appropriate, the data were arrayed in a contingency table (the CROSSTABULATION procedure in SPSS-X) and analyzed using the chi-square statistic. The chi-square distribution was used to test whether the differences between criteria classification were significant or due to chance. For continuous data, the SPSS-X T-TEST procedure was used to assess the differences between means. When appropriate, percentages of responses were rank-ordered to assess their relative importance and reported as such.

Results

As expected, there were many areas of difference between the U.S. and German samples. As noted above in Table 1, the differences in age, marital status, and years of work experience were statistically significant. The U.S. students are older, with more work experience, and tend to be married.

German students finance their education primarily from parental support (53.5%), government-backed loans (50.0%) and savings (43.9%). U.S. students, on the other hand, rely on employer tuition payment/refund programs (44.0%), working during the semester (36.9%) and savings (23.8%).

9.0% of the German students had been previously self-employed, while 25.0% of the U.S. students reported that they had been self-employed. Of those, 9.8% of the German and 25.0% of the U.S. students reported that they had been successful.

When asked, "In principle, would you be interested in going into business for yourself? (Or you already in business for yourself?), the students responded as shown in Table 2.

	German Students	U.S. Students
Yes certainly	1.8%	6.0%
Maybe	32.5%	51.8%
No	54.4%	11.4%
I'm already in business	11.4%	12.0%

Table 2

Interest in Self-Employment

A majority of German students would not consider going into business for themselves, while over 57% of the U.S. students indicated that going into business for themselves was at least a possibility. Of those who did not respond "no" to this question, the breakdown of industry interests was significantly different for German and U.S. students.

Industrial Sector	German Students	U.S. Students
Retail/Wholesale/Export	12.6%	25.4%
Hotel & Restaurant	1.1%	11.9%
Manufacturing	1.1%	11.9%
Skilled Trades	2.3%	3.0%
Computer	23.0%	3.0%
Tax Consultancy/Public Acct.	11.5%	3.0%
Other Commercial Service	8.0%	20.9%
Other	9.2%	20.9%

Table 2a

Areas of Self-Employment Interest

German students seem to see a future in the computer field, while the largest segment of interest to U.S. students is retail/wholesale/export. Of particular interest is the low figures for interest in the manufacturing sector by the German students. It would seem as though revitalizing the manufacturing sector, especially in the New States, would be a primary goal, both of students and the government.

When asked what these interested students had done to prepare themselves for the possibility of going into business for themselves, they responded as shown in Table 3.

Activities	German Students	U.S. Students
Read books about starting a business	8.8%	38.1%
Talked with entrepreneurs about it	13.2%	44.0%
Talked with banks about it	1.8%	10.7%
Talked with associations about it (Chamber of Commerce, etc.)	3.5%	11.9%
Observation of business startups	17.5%	32.1%
Carried out market study	.9%	9.5%
Attended business startup seminar(s)	1.8%	11.9%
Experience in parental business	14.9%	19.9%
None	35.1%	15.5%
Other	4.4%	6.0%

Table 3

Preparation for Self-Employment

On the whole, it would appear as though the U.S. students interested in becoming self-employed have "done their homework," so to speak. They show an overall higher level of inquisitiveness than their German counterparts in seeking out information concerning self-employment.

When asked to evaluate the statements describing their serious reservations about getting into business for themselves, the students responded as shown in Table 4. It would appear that both German and U.S. students have similar levels of reservation about going into business for themselves. Lack of startup capital was the primary fear of both German and U.S. students, while the risk factor weighed heavily on all students minds. The draw of career opportunities in salaried positions with established firms also was large for all students. Students uniformly felt that there was greater stress to perform when self-employed. Irregular income presented a greater concern to U.S. students than their German counterparts, while German students anticipated more problems with their employees than did U.S. students.

Ranked Reservations about Self-Employment	Mean Scores (Rank) German Students	U.S. Students
No startup capital	2.3 (1)	2.3 (1)
Too high a risk	2.5 (2)	2.3 (1)
Good career opportunities in salaried positions	2.7 (3)	2.7 (3)
Greater stress and pressure to perform	3.0 (4)	3.0 (5)
Extreme difficulty of keeping work and private life separate	3.1 (5)	3.4 (8)
Good salary in present position	3.3 (6)	3.0 (5)
Low growth in prospective sector	3.3 (6)	3.7 (13)
Self-employment creates a lot of trouble in life	3.3 (6)	4.0 (15)
More work compared with being an employee	3.4 (9)	3.4 (8)
Tax burdens	3.4 (9)	3.4 (8)
Political trends	3.5 (11)	3.7 (13)
Unsatisfactory provision for retirement	3.5 (11)	3.4 (8)
Have only a particular skill, lack general commercial or management experience	3.5 (11)	4.0 (15)
No regular working hours	3.6 (14)	3.4 (8)
Clause in employment contract restricting competition	3.6 (14)	4.6 (23)
Irregular income	3.6 (14)	2.8 (4)
As an independent businessperson you have to do a lot of uninteresting things	3.6 (14)	4.1 (18)
Problems with employees	3.8 (18)	3.3 (7)
I'm not the entrepreneurial type	3.9 (19)	4.0 (15)
Lack of understanding from spouse/family	4.1 (20)	4.2 (19)
Public has a negarive image of entrepreneurs	4.2 (21)	4.4 (20)
Negative examples from relatives or acquaintances	4.4 (22)	4.4 (20)
I could already be too old	4.5 (23)	4.6 (23)
Poor experience when I was in business for myself	4.7 (24)	4.5 (22)

Response Scale

1 = completely accurate
2 = largely accurate
3 = "in between"
4 = sometimes accurate
5 = not at all accurate

Underlined mean scores are significantly different at the .05 level

Table 4

Reservations about Self-Employment

Motives for becoming self-employed were assessed, and are summarized in Table 5. For both groups of students the ability to realize their own ideas, freedom of action and decision making, making something important for themselves, and economic independence were listed as important motives for self-employment. Of much lesser importance were motives of family tradition and trouble in a salaried position. Prestige, and gaining power and influence were more important to the U.S. students than to the German students.

Important Motives for Self-Employment	Mean Scores (Rank) German Students	U.S. Students
Freedom of action and decision making	1.5	1.6
Realize my own ideas	1.5	1.6
Economic independence	2.2	1.9
Lead others	2.8	2.6
Family tradition	4.5	4.0
Desire for a higher income	2.4	2.0
Capital investment	2.6	2.9
Income commensurate with performance	2.3	2.1
Labor market and state of the economy	2.9	3.1
Prestige	3.3	2.5
Trouble in a salaried position	3.3	3.8
Tax benefits	3.1	3.1
Make something important for myself	2.1	1.9
Not to work for others	2.2	2.1
Gain power and influence	3.3	2.6
Make something lasting	2.6	2.3
Set my own income	2.5	2.1
Work in a small company	2.7	2.8
Work together with spouse/family	3.2	3.3
Desire for adventure	3.0	2.3
Prove my ability	2.4	1.9
More contact with people	2.7	2.5
Build up a successful organization	2.4	1.8
Do the work I want to do	2.2	1.5
Positive examples	2.7	2.5

Response Scale

1 = completely accurate
2 = largely accurate
3 = "in between"
4 = sometimes accurate
5 = not at all accurate

Underlined mean scores are significantly different at the .05 level

Table 5

Important Motives for Self-Employment

When asked what characteristics successful entrepreneurs should have, the students responded as shown in Table 6. "Hard work" was recognized as an important characteristic by both German and U.S. students. "Creativity", "enthusiasm and persuasiveness" and "determination" were similarly ranked high by both groups of students. However, U.S. students ranked "willingness to accept risk" much higher than did German students. The largest discrepancy between the two groups of students was found when examining the characteristic labeled "ability to get one's way", with Germans ranking it fourth, while not one U.S. student checked this characteristic. Another disagreement between students was on "knowledge of the sector", with German students ranking it second and U.S. students ranking it ninth. Surprisingly, "initiative" was ranked fairly low by both groups of students, as was "ability to maintain liquidity." "Optimism" was ranked almost equally by both groups, but was not ranked highly. It would seem that there is a fair amount of agreement from top to bottom of this list of characteristics although there are some discrepancies between the two groups of students.

Important Motives for Self-Employment	Percent Scores (Rank) German Students	U.S. Students
Willingness to work hard	66.7 (1)	56.0 (2)
Knowledge of the sector	52.6 (2)	28.6 (9)
Creativity	48.2 (3)	48.8 (4)
Ability to get one's way	40.6 (4)	0 (17)
Enthusiasm and persuasion	38.6 (5)	51.2 (3)
Determination	38.6 (5)	34.5 (6)
Willingness to accept risk	32.5 (7)	57.1 (1)
Optimism	29.8 (8)	29.8 (7)
Stamina	28.9 (9)	4.8 (14)
Initiative	28.1 (10)	22.6 (11)
Ability to maintain liquidity	21.1 (11)	13.3 (12)
Ability to conceptualize	19.3 (12)	26.2 (10)
Knowledge of the competition	17.5 (13)	29.9 (7)
Social competence	10.5 (14)	13.1 (13)
Support from family	9.6 (15)	3.6 (16)
Knowledge of customers	8.8 (16)	38.1 (5)
Ability to choose good advisors	2.6 (17)	4.8 (14)

Table 6

Characteristics of Successful Entrepreneurs

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